MR. P. K. NARAYANA PILLAI (*Ambalapuzha*) : The particular passage is not clear. He says originally it was a loan and now it is not a loan.

PRESIDENT : I think all that can come up when the discussion on the Budget arises.

MR. K. GEORGE (*Financial Secretary to Government*) : The third stage will be financed by the harbour authorities out of their revenues, assisted, if necessary, by loans granted by the Madras Government. The fourth stage will probably have to be financed in the first instance by money provided by the Government of Madras and the Travancore and Cochin Governments.

If the experiment in opening the bar proves to be a failure, then the money already provided will have to be written off by the parties concerned. On the other hand, should the experiment prove a success, with effect from the first April next following the date when it becomes the practice for ocean-going steamers to enter the bar and discharge at moorings inside the backwater, the division of the net customs revenue, which is at present made between the Cochin Government and the Government of India, will be changed into a division into three equal parts between the Government of India, and the Travancore and Cochin Governments. This division will apply to all import and export duties collected at the British port of Cochin and in any port in the Cochin territory and to all import duties collected at any port on the backwaters in Travancore territory, that is, from Quilon to Munambam, both inclusive. But all export duties levied at our ports and land customs stations will be retained by us. Also, the arrangement for the division of the export duty on tea between the British Government and Travancore will continue as at present.

I trust that the House will agree with me when I say that it is of little use just now to speculate as to what the scheme will hold for us in the future. I have therefore contented myself with a mere statement of facts.

Coming to the revised estimate of the current year, I may remind the House that, in my statement last year, I expressed the same uncertainty about the estimates of revenue and expenditure of the current year as existed in the case of the last year. It was impossible then to forecast the effect of the floods on our finances and naturally I asked the House to consider the estimates as more or less provisional. Here also I am glad to say that the actual results have belied my fears. The heavy monsoon of last year has not been altogether an unmixed evil. The harvests this year have been generally good. The cocoanut and pepper crops have been more than usually abundant and these are reflected in our customs receipts.

REVENUE.

For the current year, we estimated an income of Rs. 198·25 lakhs and an expenditure of Rs. 199·18 lakhs, chargeable to revenue, that is, for a deficit of nearly Rs. ·93 lakh. According to the revised estimate

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[Mr. K. George.]

we expect to realise a revenue of Rs. 205·54 lakhs and to spend out of it Rs. 201·38 lakhs, leaving a surplus of Rs. 4·16 lakhs. The revenue receipts contain no special or abnormal item; but the improvement in revenue would have been about Rs. 1½ lakhs better if we had collected the normal land revenue during the year. The expenditure, however, contains certain unusual items. Under Palace there is a total increase of Rs. 3·90 lakhs of which Rs. 2 lakhs alone, representing the increase in the Palace Civil List, will be recurring. The major portion of the balance is expenditure in connection with the Thirumasom of His Highness the late Maha Raja. Under Public Works, the budget for the current year includes a special allotment of Rs. 3 lakhs designed to carry out works for repairing the damages caused by the floods. This also is a non-recurring item. If we leave these special items out of account, the surplus of this year would have been Rs. 10½ lakhs, assuming also that the normal land revenue was collected. I am not mentioning this in any spirit of self-satisfaction, but I believe it will be gratifying to the House to see that our financial position is quite encouraging. Coming to details, Land Revenue shows a fall of Rs. 1·55 lakhs. In view of the distress caused to the ryots by the last year's floods, Government sanctioned, as a measure of relief, the postponement of the kist collections relating to the Kanni crop of the current year. As I have stated just now, the harvests this year have been generally satisfactory; nevertheless, it is expected that some portion of the revenue will remain uncollected at the close of this year.

There is a substantial improvement of Rs. 2·11 lakhs under Income Tax, the bulk of which is contributed by incomes derived from business. At the close of 1099, there was a balance of over Rs. 2 lakhs remaining uncollected out of the demand of that year. The collections this year are more steady. The remissions from demand are also much less than those of 1099. The improvement in the tea trade and the consequent increased profits realised by the Tea Companies have alone accounted for an increase of over Rs. 1 lakh.

Under Excise, there is an increase of Rs. ·71 lakh which occurs chiefly under license fee and duty on country liquor and toddy.

The gross revenue from Customs amounts to Rs. 27·45 lakhs as against the budget estimate of Rs. 25·37 lakhs. The increase is confined to export duty. The exports of copra, coir, pepper, dry ginger and prawns show marked improvement, the quantities of these articles exported for the first ten months of this year being 2,67,367 cwts., 3,49,776 cwts., 22,613 cwts., 37,580 cwts. and 18,061 cwts. respectively as against 2,26,301 cwts., 2,31,892 cwts., 21,286 cwts. 30,657 cwts. and 7,420 cwts. respectively, during the corresponding period last year.

Under Interest, we expect an increase of Rs. ·77 lakh. In the budget estimate of the current year, we had provided for a receipt of Rs. ·40 lakh on account of interest on fixed and current deposits in the

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Bank, but our actual realisation is expected to be Rs. 1·17 lakhs. In the past, our surplus cash used to remain unemployed in the State Treasuries, but from last year we are investing it as short-term deposits in the Imperial Bank. It may be pointed out that the total amount of interest we now realise annually on our surplus investments amounts to about Rs. 4½ lakhs. This is exclusive of the interest on our investments in Sinking Funds, which goes to the credit of the Funds themselves.

We had estimated a receipt of Rs. 1 lakh under Railways. In my speech last year, I stated that if the improvement in railway receipts which was noticed in the second half-year ending with 31st March 1924 were maintained, we might expect to receive this year a sum of Rs. 2½ lakhs as our share of the net surplus. I am glad to inform the House that this forecast has proved correct. The net profits due to us for the year ended 31st March 1925 is Rs. 2·52 lakhs. Of this, we have already realised the profits declared for the first half-year, *viz.*, Rs. 1·19 lakhs and it is hoped that the balance will be received before the close of the current year.

Expenditure.

On the expenditure side, there is a total increase of Rs. 2·21 lakhs in the revised estimate. The most important variation occurs under the head "Palace", which I have already explained. As usual, we had provided a sum of Rs. 1 lakh for His Highness the Maha Raja's Tours outside the State. This provision is expected to lapse. The only other noteworthy variation is the reduction of a sum of Rs. 1·10 lakhs in the expenditure on Education. This is distributed among all the minor heads except "Controlling Agencies" under which there is a slight increase.

Budget Estimates of 1101.

For the next year, we are budgeting for a revenue of Rs. 206·81 lakhs and an expenditure of Rs. 203·02 lakhs, which will leave a surplus of Rs. 3·79 lakhs at the close of the year.

Revenue.

The total revenue is expected to exceed the receipts of the current year by only Rs. 1·26 lakhs. Under Land Revenue, the normal revenue is expected to be realised in addition to what may remain uncollected at the close of this year. Income Tax receipts are estimated at Rs. 1·26 lakhs below the receipts of the current year. There is an element of uncertainty about this tax as it depends to a considerable extent on the improvement of trade and on the unceasing vigilance of the collecting agency. Hence I think it will be safer to estimate for a slight fall under this head. Under Excise, the gross revenue for 1101 is placed at Rs. 46·05 lakhs as against the revised estimate of Rs. 44·83 lakhs. Towards this, tobacco is expected to contribute Rs. 19·12 lakhs and Abkari and Opium Rs. 26·93 lakhs. The additional revenue is expected mainly under the new item "Rebate of duty on Opium",

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